August, 1956

Auto layoffs making problems—page 1
New credit controls coming? page 10

THE

Credit Union Bridge

OFFICIAL PUBLICATION OF THE CREDIT UNION NATIONAL ASSOCIATION, INC.

ON THE COVER

Many Michigan credit union members have been affected by the auto lay-offs this year. Michigan credit unions are helping out by easing up on collections and trying to tide members over until the new models go into production. See story on page 1.

The Credit Union Bridge

The Credit Union Bridge is published monthly by the Credit Union National Association, Inc., at 404 N. Wesley Avenue, Mt. Morris, Illinois. Address the editorial or business office at P.O. Box 431, Madison 1, Wisconsin. P. O. Box 65, Hamilton, Ontario

SUBSCRIPTION—$2.00 A YEAR

STAFF

H. B. YATES............*Managing Director*
J. O. SHIPE..........*Asst. Managing Director and Acting Business Manager*
RICHARD Y. GILES..................*Editor*
CHARLES C. COMPTON....*Associate Editor*
E. R. BRANN...................*Asst. Editor*

ADVERTISING RATES ON APPLICATION

All subscriptions received before the first of the month start automatically with the issue of the current month; all those received after the first of the month start with the following month. To insure prompt delivery of The Credit Union Bridge, when you change your residence please send in a postcard with your former address as well as your new address. When sending in a single subscription or a group of subscriptions, The Credit Union Bridge would appreciate it if you would mark all renewal subscriptions conspicuously with the word "renewal."

Member of Co-op Editorial Assn.,
Wisconsin Industrial Editors Assn.,
and National Council of Industrial Editors

Vol. 21 **No. 6**

August, 1956

CONTENTS

COMING SOON

Collection methods for credit unions

What makes a successful parish credit union?

Shopping for a machine accounting system

Auto layoffs this year led credit union members to line up unseasonally early for supplementary unemployment benefits. This will be the picture until the 1957 models go into production, as . . .

AUTO LAYOFFS

make problems for Michigan credit unions

Unemployment is headline news in Michigan, making problems for credit unions. Due to automobile layoffs, estimates are that 280,000 people or 10 per cent of the state's working force will be out of work by August. The Governor has called a special session of the Legislature to improve benefits. The United Automobile Workers have developed a task force which includes mayors of many cities to bring work to Michigan. Indications are that the situation will continue until the start of the new model year in September and October.

For the twenty-eight credit unions in General Motors, thirteen in Chrysler and eight in Ford, as well as those of many suppliers, the effects of this unemployment must be faced directly and immediately. Floyd Squier, manager of Lansing Automakers (Oldsmakers) Federal Credit Union, reports that up to 4,000 employees out of 15,000 are out of work. At the big Dodge Main plant at Hamtramck, 50 per cent layoffs have been reported by Nelson Card, treasurer of the Dodge Main Employees Federal Credit Union.

Savings hit standstill

Ford Rouge reports 5,000 out of work. Pontiac Motor has 4,500 unemployed in a 14,000-man work force. One of the immediate effects has been a decline in the rate of increase in savings. Charles Harrington, Jr., treasurer of the million-dollar Flint Buick Employees Federal Credit Union, reports that the share increase since January 1, has been a skimpy $21,000. Lansing Automakers estimate a share increase of approximately $60,000 this year, roughly one-third of last year's rate. The Ford Rouge Employees Federal Credit Union ($3½ million assets) reports that share flow is at a standstill. This has had a serious effect on the ability of these credit unions to meet loan demand. Carl Cerilli, assistant manager, reports the Ford Rouge credit union is unable to meet all requests for loans. Normal policy of this credit union would permit loans to members while unemployed. At this time, however, funds just are not available. The Flint Buick credit union reports the same experience—an increased demand for loans, a willingness to make loans to unemployed members, in-

(*Continued on page* 20)

Picatinny has learned the hard way

about COLLECTION

A member deposits her passbook and a loan repayment in one of the new boxes.

Manager Harlan Winch makes one of his regular end-of-day collections. Note the rod in his hand.

COLLECTION boxes can be the answer to a credit union's prayer, where members are working at a distance from the credit union office. They can speed up loan payments, reduce delinquency and build shares.

On the other hand, collection boxes can get a credit union into a lot of trouble. Shortages can develop and threaten the credit union's very existence.

The credit union at Picatinny Arsenal has been through the mill with collection boxes. Harlan Winch, treasurer and manager, believes today they have the problem licked. After several years of small losses, Picatinny Arsenal has worked out a collection box which seems to be safe.

Certainly, it collects money. Seventy-five percent of the members use the collection boxes, and the credit union is growing fast.

Members widely scattered

In 1950 the credit union put in its first collection boxes. It seemed like a good idea. The employees of the Arsenal are scattered over a wide area. The Arsenal is located inside the usual formidable fence, behind the usual tightly guarded main gate, on a land area of twenty square miles. The nearest town is Wharton, New Jersey. When the credit union members come to work in the morning, wearing their identification badges, they drive in through the gate and then fan out to their jobs, many of which are far from the credit union office.

Note: Any credit union considering putting in a system of collection boxes should remember to get approval first from the supervisory agency and the bonding company.

Collection boxes therefore were placed at the exits of each area and at common congregation points throughout the installation.

First boxes simple

The first collection boxes used resembled ammunition boxes. They had a slot in the top, and a lock. Members were invited to deposit money in any form, passbooks and, when necessary, a note explaining how much was to go for loan payments and how much for shares. All this was held together by being tucked into the passbook envelope.

The first trouble developed in October, 1951. A break occurred in one of the boxes. Five books containing a total of $96.68 disappeared from this box. The shortage was investigated by the base Intelligence Officer. However, no one individual could be accused of the break. It was irritating.

BOXES!

Now they're getting results . . . in membership, shares and quick service

Several months later, the Engineering Division was repairing the building in which the box was located. Upon removing the inner wall, workmen found the five lost books, minus the money. The books were turned over to the Intelligence Officer for possible finger prints. No finger prints were found, and the books were returned to the credit union.

In November, 1952, another break occurred. Another box had been pried open in the same manner as the first box. Two passbooks containing a total of $11 were missing.

In January, 1954, there was a break in a box located in still a third site. Again, the box had been pried open. Four books were lost, together with a sum of $58.44.

Members' confidence shaken

Obviously something had to be done to improve the collection boxes. They were too vulnerable. The members' confidence in the credit union was at stake.

All the collection boxes were removed, and metal inserts were installed in each box. These were designed to make it impossible to remove pass books even from a box that had been pried open.

The result, however, was a sudden outbreak of new losses. During September and October, 1954, there were four more losses reported, in two of the earlier locations. It looked to investigators as if the thief had given up prying open the boxes and was now using some sort of wire hook to fish the passbooks out through the slot.

Six more losses

During November, 1954, six more shortages developed, for a total of $120. Four of these, totaling $35.00, were from boxes violated earlier. Two for $50 and $35, took place in new and different buildings.

The situation was extremely serious.

At this point the directors held a meeting with military personnel. In casting about for a better collection box, the directors voted to contact the Post Office Department in Washington, to find out whether old mail boxes could be obtained. They found that retired mail boxes were available at the time for about nineteen dollars. The Post Office Department made only one condition—the identification "U.S. Mail" had to be removed from each box. This was done by grinding off the raised letters.

The boxes purchased, of the U.S. Post Office letter drop type, were secured with a lock on the front. The curved chute typical of government mailboxes prevents the use of wire hooks and other fishing devices.

The last struggle

Before the new boxes could be installed, four more losses were reported, totaling $86.09. Obviously, the time was ripe for a change.

Thirteen days later, on December 30, 1954, the credit union took down all the old boxes and put up the new ones.

The end of the year came and went. On January 10, as the treasurer was making his regular rounds of the collection boxes, he found one of the new boxes had been broken into. The lock was broken, and the door was hanging down. The treasurer called the Intelligence Office, and an investigator was sent out. After examining the looted box, the two men proceeded to visit the remaining boxes. They found another forced open near a foot gate. The total loss was $22. One check was missing, and payment was stopped on it.

Fortunately, the new boxes lent themselves better than the old ones to additional security measures. On an ordinary letter box, the door in front is hinged at the bottom, and

The rod that the credit union devised to strengthen the collection box runs through four holes in the box and then is padlocked.

when it opens in a downward arc, the letters and postcards appear enclosed between two quarter-circle walls. The credit union decided to drill holes through the walls of this bin and corresponding holes through the sides of the box. A rod was placed through the four holes and secured on the outside by a padlock.

The collection procedure also was changed. Until this time, collections had been made each Monday and Wednesday morning. On January 10, 1955, a new collection routine was set up, for Monday, Wednesday, and Friday. After 5:00 p.m. on Fridays, the boxes were all opened and checked, to make sure nothing remained in them over the weekend. The same check was made on evenings before holidays.

The Arsenal issued orders that the guard chief on each shift must check the boxes at the beginning and end of each tour of duty, and certify in the log that the boxes were in good condition when checked. In addition, the positions at which boxes had been robbed were made fixed guard posts —in other words, they were to have the same men as guards for an entire week. These guards also were required to certify that boxes under their protection were in good condition.

The losses that had taken place naturally worried the bonding company. A month after the new boxes had been reinforced with rods and the new collection and guard procedures had been established, manager Harlan Winch got a rude shock in the mail. There was a letter from the surety company, announcing that the credit union's bond would be cancelled. The reason for cancelling, of course, was the series of losses; from where the bonding company sat, it still looked as if no effective solution had been found.

The president and treasurer of the credit union, together with the commanding officer of the installation, hastily contacted the bonding company. They explained the steps they had taken to eliminate losses from the collection boxes, and asked that the cancellation be reconsidered. The New Jersey Credit Union League and the Credit Union National Association joined with the credit union in the effort to work things out with the bonding company.

The bonding company, when it had studied the new collection box procedure, soon gave its approval. Within a month the bond had been reinstated. On the advice of the company, the credit union placed this warning to members on the face of each collection box:

Warning

Do not deposit your books in any credit union boxes after 5:00 p.m. Fridays, or before 7:00 a.m. on Mondays.

Collections—Monday, Wednesday and Friday—5:00 p.m. If holidays fall on a collection day, Monday, Wednesday and Friday, collections will be made the day prior to the holiday.

Members now have complete confidence in the plan, and three-quarters of them are using it. There are 19 boxes around the Arsenal area.

Improvements have also been made in the way members deposit their money in the boxes. An envelope has been designed to hold passbook and money more securely. Each member is also provided with a passbook cover in which he files his receipts.

When the books are picked up, entries are made on a temporary voucher. The members keep these vouchers till the end of a six-month period. Each six months, a statement is sent to the member. He checks his slips against the statement. If it is correct, he disposes of the temporary vouchers.

Each area in the Arsenal has a credit union representative. Passbooks and receipts are returned by these representatives, for distribution to members in their departments.

This system has been very successful in promoting quick service and convenience. No further losses have occurred. Since the new boxes were put in, the credit union's growth has taken a jump, and there are now 3,250 members. Assets total over half a million.

Leagues will supply chapters with

NEWSPAPER ADS!

A newspaper advertising program for local sponsorship is now being distributed to chapters by three leagues—Illinois, Wisconsin and Connecticut. Several other leagues are now considering the program and trying to work out details—Texas, Rhode Island, District of Columbia. Methods of financing the program will vary, but there's a strong possibility this small-space newspaper campaign will prove a powerful substitute for the national magazine campaign now being discontinued. (CUNA Mutual management decided in late June to end magazine advertising September 1.)

The newspaper program got its start last fall, when the Ralph G. Long Chapter in Decatur, Ill., started looking for a way to tell the credit union story to the community. Chapter officers asked CUNA Advertising & Promotion Service to make some suggestions. Among the possibilities considered were billboards, direct mail and newspapers. When CUNA Advertising urged newspapers, the chapter asked for a program that wouldn't involve too heavy expenditures for space, copy and art. CUNA Advertising agreed to try.

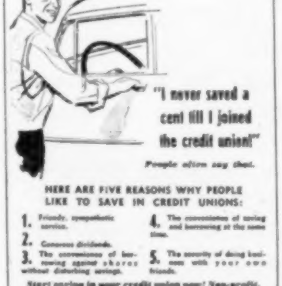
The result was a series of weekly ads 2 columns wide, by 6 inches deep, planned to tell the credit union story one idea at a time. Headlines were direct and personal: "What do you do when you can't pay your bills?" "Does all your pay go for easy payments?" "I never saved a cent till I joined the credit union." The art consisted of black and white drawings, sharp enough to attract attention to a small ad in a crowded page. Each ad carried the signature, "Credit Unions of the Decatur Area," and the additional line, "For further information see your credit union treasurer, or call Ed Arnold, 3-4451, Extension 300."

> **To all Leagues**
>
> This advertising program is offered to all Leagues for distribution to chapters, community credit unions and other interested groups.
>
> Financing the program is left entirely up to the Leagues, to be worked out on any practical basis with participating chapters and credit unions.
>
> CUNA Advertising & Promotion Service, which supplies these ads in mat form, is also ready to furnish publicity and promotional materials to help get the program going—letters to credit unions, releases to newspapers, whatever you need.

Decatur is a highly developed credit union town. With a metropolitan population of 104,000, the area has 61 credit unions with about 30,000 members. There are only three or four employee groups left that do not have credit unions. They have been worked on by chapter people, but they are still not ripe. Hence the major aim of the Decatur chapter's advertising program was not to organize new credit unions but to build membership in the credit unions already in existence, and to encourage members to make better use of their credit unions. A second aim was to tell the people of Decatur and vicinity something about credit unions, give them information about credit costs and sources, help them understand credit union philosophy, create good will.

Each ad was written with a headline suggesting a concrete benefit of credit union membership, which was

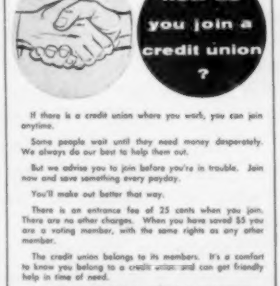
The first four ads of the series, reduced from their actual size of six inches by two columns. These ads will be reaching more than a million readers beginning the first week of August.



NO. 1

NO. 2

NO. 3



NO. 4

spelled out in the copy. Most ads also made the point that credit unions are service organizations owned by the members. Many closed with the phrase, "Non-profit, members only."

Chapter officials say they are tickled with the results. Members seem to be showing more understanding of their credit unions, and the credit union story is getting into members' homes every week. The cost of the program is being paid from a special advertising fund raised by chapter dues and voluntary contributions from the credit unions of the area. The campaign has been running now since September 1, 1955 and will continue indefinitely.

Word that Decatur was getting good results spread around. In January the East St. Louis chapter picked up the campaign and began running it in four newspapers in East St. Louis, Granite City and Belleville, Ill. Several new credit unions have been organized in this area on leads developed from the advertising. A few weeks later, the Lakehead chapter in Ontario also entered the program.

At this point, the Wisconsin League raised the question whether this program couldn't be handled better by the leagues, rather than between CUNA Advertising and the chapters. The Wisconsin League had accumulated an advertising fund, and was ready to consider paying space costs in daily newspapers up and down the state. This looked good. It was an opportunity to expand readership and lower costs. League promotion and participation might well broaden the present readership of 150,000 to something more like 2 or 3 million. Leagues were approached with this new proposal. Illinois was immediately interested. Connecticut, where the East Hartford Aircraft Federal Credit Union had been considering a newspaper campaign of its own, was interested too. Rhode Island, Texas and the District of Columbia had all been looking for something of the sort, and scheduled it for discussion.

On August 1, the first ads will make their appearance under league and chapter sponsorship in Wisconsin, Illinois and Connecticut.

What are the advantages of newspaper advertising? Here are some:

1. Newspapers are among the strongest mass media. Magazines, with certain obvious exceptions, tend to hit higher income groups. An advertiser who wants to reach a mass market will usually consider newspapers and television. Costs, flexibility and the nature of his product will dictate his choice.

2. Newspapers are flexible. You can select the appropriate section. You can choose your day of the week. You can alter copy to meet a special situation.

3. Newspapers go into the home. Credit unions with advertising experience report that they get their best results when ads reach several members of the family and start family discussions.

4. Newspapers are local. You can give a local name, a local phone number, a local box number. Your follow-up is local and quick. If screening of replies is necessary, it is easier with local people.

5. Newspapers are economical. In cities under 100,000, the cost of space 6 inches deep by 2 columns wide will rarely run over $25. If this does not strike you as a bargain, compare it with direct mail. A letter mailed to 10,000 credit union members would cost you $400 or so. For the same price you could place perhaps 15 ads, reaching nearly every family. These figures will vary, of course, from city to city, but the ratio won't vary much.

6. Newspaper rates are usually lower to local organizations. Thus there is a lower rate for auto dealers than for auto manufacturers, and the rate to chapters would be lower than the rate to leagues. This means the chapter can get a money saving of around 25 percent when it places the ad.

7. Also, many newspapers give a discount for a year's contract. If there is any chance at all that you can advertise for a year, you should sign a year's contract. If you can't complete the contract, the only penalty is that you lose the discount and pay for the ads you have run at the full rate.

Financing this advertising program will be worked out between each league and its chapters. Here are the space costs (2 columns by 6 inches) of several Wisconsin dailies, as compiled by the Wisconsin League:

City and paper	Population (approx.)	Circulation	Cost of 52 ads
Milwaukee Journal	650,000	345,684	$1,703
La Crosse Tribune	50,000	32,697	936
Janesville Gazette	25,000	22,366	686
Green Bay Press-Gazette	55,000	37,109	1,073

The weekly cost varies from $11 to $65. The cost per family per week is 3 hundredths of a cent. If 22 selected Wisconsin daily papers are used for one year, the cost per family reached for the whole campaign will be 1.7 cents. This is less than the cost of one letter—for 52 ads!

No doubt the Wisconsin League is rare in having an advertising fund available from which it can pay space costs. In most areas chapters will raise special advertising funds for the purpose, and the Leagues may prorate preparation costs over the participating chapters. In certain states and provinces, community credit unions may find the program can also be run in some union and company papers.

Payroll deduction poster

For credit unions that have payroll deduction for payments into share accounts, CUNA Supply Cooperative now has this stock poster.

It is not being included in the Poster-A-Month series, but must be ordered separately.

The original is printed in three colors. It is especially suited to savings drives.

Old Age Study Shows Need for
SAVINGS PROMOTION

HOW much can we expect credit union members to save? Can they save enough to take care of themselves in old age?

Not much chance, according to a study of the economic situation of older people recently released by the Twentieth Century Fund. Looking at people over 65 now receiving social security payments, you find that 46 percent are home owners but only 9 percent have liquid assets over $5,000. This makes a pretty good sample of credit union members, since most social security beneficiaries are former industrial or white collar employees. An alarming 28 percent have no liquid assets whatever.

What does this mean? Does it mean these people have been extravagant? Does it mean they have squandered their money? Does it mean people are not as thrifty as they were in Benjamin Franklin's day? Or does it mean that it is hard to save money unless you are in the upper income brackets?

According to the noted economist, Sumner Slichter, average people have rarely been able to save enough to provide for their old age. "The usual method by which men have provided for their old age has never been thrift," said Slichter in a recent article on the old age security problem. "It has been by having plenty of children to help the parents."

A study made in 1929, a year often thought of as the peak of old-fashioned prosperity, showed that 98 percent of the savings belonged to the highest 20 percent income level. The remaining four-fifths of the population accounted for only 2 percent of the savings accumulated during the year. The pattern has changed little in the ensuing 27 years.

When you study people over 65 today, you are studying people whose last working years were spent during a period of high wages and unusual opportunity for saving. During the years 1942-45, personal saving skyrocketed. Automobiles and appliances were hard to get, and the patriotic pressure to buy bonds was strong. Personal saving rose from the prewar 4 or 5 percent of disposable income up to 24 percent in 1944. Probably no generation in the country's history has had a better chance to lay aside something for a rainy day.

Nevertheless, what have they got? Sixty-nine percent have no savings bonds. Fifty-nine percent have no savings account—in credit union, bank or savings and loan. Sixty-eight percent have no checking account. Older people who have liquid assets are often inclined to keep them in the form of cash, secreted somewhere around the house.

What are they living on? In 1953 it was found that 35 percent had no personal income, 38 percent had less than $1,000 a year, 11 percent had between $1,000 and $2,000, and 15 percent had over $2,000. Of those who had personal income, most were working—30 percent of the entire group, nearly 60 percent of the men under 70. Another 12 percent had personal income from other sources—savings, investments, insurance, veterans' benefits or contributions from relatives. This left 33 percent living on social security or related programs, 20 percent receiving public assistance of other types and 5 percent living in institutions.

If this does not make a very cheerful picture, it should be remembered that the over-65 today are in a far better situation than they were a few years ago. Old folks' homes are gradually disappearing from the landscape, as social security payments and pension plans cover ever-bigger sections of the population. Old people are healthier and live longer, thanks to advances in medical science. And contrary to a rather widespread but false impression, people over 65 who have quit working are not discontented and wistful. When they have enough money to take care of their needs, they generally enjoy their retirement.

What has kept these people from saving enough for their old age? There are several factors, according to the Twentieth Century Fund Survey:

1. Low income naturally is an important factor. Despite dramatic increases in income in recent years, there are always families living at or below subsistence. In 1929, that fabulous year, 40 percent of all families broke even or went into debt. During 1935-36, more than 50 percent reported expenses higher than income. In 1944, nearly one-third failed to live within their income. Family budget studies have consistently shown a substantial percentage of families living below minimum health standards—during World War II it was 25 percent.

2. Irregular employment menaces any savings program. Savings programs are usually set up on the assumption that work and health will continue at a high level. Unfortunately, this doesn't always work out.

No matter how hard a wage earner may try to save, if his employment is irregular, his savings will be drawn out and he will get into debt. After the age of 45, when some of the conditions for saving have improved, it is often true that periods of unemployment come more frequently.

3. Death of the man in the family is a terrific blow to income. Twelve percent of non-farm families are headed by women, and these families have an average income only one-third of the national average. The insurance carried by breadwinners supplies little more than enough to pay for the man's last illness and burial.

4. Physical or mental illness exhausts budgets quickly and ruins family savings programs. A study by the Committee on the Costs of Medical Care has shown that 10 percent of families pay 41 percent of all medical bills. Another survey has shown that about 4½ million workers are absent from work on any given day due to ill health, and 2 million of these are seriously incapacitated.

From all this, it is clear that saving to take care of old age is difficult if not impossible for families below the top income level. Many of these families succeed in paying for a home, but few manage to carry adequate life insurance programs or amass large quantities of money in savings accounts. Security in old age, for most families, will depend on the development of social security and pension plans.

Does this make the credit union thrift program less valuable to members? On the contrary, it makes the credit union thrift program all the more important. The many disasters and emergencies that can upset a family's income and exhaust its savings are excellent reasons why members should save as much as possible.

The fact is that industrial workers are still not saving the same percentage of their earnings as other groups at the same income level. Recent comparisons show that the self-employed have the best savings record at all income levels. This indicates that an educational program promoting thrift among credit union members, while it may not provide them with all the money they may need in their old age, still should succeed in developing the habit of thrift and providing a cushion against some of life's emergencies.

Teamwork key to success for

CIVILIANS AND MILITARY

A CREDIT union that serves both civilian and military personnel at an armed forces installation faces problems that an all-civilian credit union does not have, says Marx J. Block, president of the credit union at Fort Holabird, Md. The trial-and-error experience of the Colgate Federal Credit Union may prove helpful to other credit unions that are now in operation or that may be planned at military installations.

Sometimes the very name of the credit union presents a minor problem, since there are regulations discouraging the use of the name of the military installation as part of the name of the credit union. The purpose of this, Mr. Block points out, is to avoid confusion that might arise, such as an impression that the credit union is government sponsored, or that it is an official agency of the armed forces. For this reason, the Colgate Federal Credit Union is named after a creek that flows through Fort Holabird, rather than after the army installation itself.

A careful balance should be preserved between civilian and military participation, so that the credit union is not exclusively dominated by one group or the other, Mr. Block believes. One point to remember is the fact that the participation of the military personnel usually results in support and cooperation from the military authorities who hold the key positions of authority at the installation. In the absence of military participation, commanders are inclined sometimes to look upon a credit union as an extraneous civilian activity, barely to be tolerated. But when they can be shown how the credit union can be of great service to both officer and enlisted personnel, they often will be of great assistance.

Military talents useful

At Fort Holabird there is close cooperation between civilian and military personnel in the operation of the credit union. Military personnel are represented on every committee, and often play key roles. For example, a representative of Troop Command on the credit committee is in an excellent position to screen applications for military loans because he is so well acquainted with the personal problems of enlisted personnel who submit loan applications. A military representative from the Inspector

General's office makes an ideal member of the supervisory committee, because he is experienced at investigating records, accounts and procedures. A military representative from the Judge Advocate General's office can provide legal background and knowledge as a member of the board of directors.

One of the peculiar problems of credit unions that operate on military installations is the rapid turnover of military personnel and their world-wide dispersion. This, however, is less serious than a rapid turnover of civilian personnel, Mr. Block says; an accurate check can be maintained on the location of military personnel, and any possible delinquencies in loan payments can be handled through correspondence. Because of the insistence of the armed forces on the responsibilities of its personnel and the high ethical standards that are demanded, the rate of delinquency on military loans is negligible.

No fixed address

Many military people have no fixed address or regular banking facilities, so they are often very pleased to use the credit union as the repository for their savings, even long after they have left the military installation. Of course, they are not eligible for loans once they have left the military post, but they may continue as members and may go on making deposits by mail.

The most valuable discovery the Colgate Federal Credit Union made, says Mr. Block, was the fact that Army Regulations permit military personnel to make allotments from their pay to their savings accounts in the credit union. It is true that there is no payroll deduction plan possible among Federal employees, but this Army regulation, in effect, provides the same kind of facility to the credit union as far as military loans are concerned. The board of directors and the credit committee at Fort Holabird have agreed that all loans to military personnel should be made contingent upon the borrower's making an allotment to his savings account and accompanying this with a letter of authorization, permitting the treasurer to deduct principal and interest payments from the account each month. Of course, the soldier has the right to cancel his allotment at any time, but nobody has ever done so.

This use of allotments has served another purpose, too. Many military borrowers agree to make out allotments to their savings accounts for monthly sums in excess of their principal and interest payments, and this provides regular increases in their savings. The great advantage of the allotment system lies in the security it provides the credit union when the military borrower is transferred; the allotment continues to be sent to the treasurer regardless of the location of the military member. Since this system was installed by the credit committee, delinquencies among military borrowers have virtually ceased.

When the establishment of a credit union at Fort Holabird was first proposed, some of the higher ranking officers were skeptical. First, they doubted the need for a credit union, since they felt that the Red Cross and Army Emergency Relief could take care of emergency financial problems and that normal civilian commercial credit facilities would suffice for all other credit needs. They were also suspicious of a non-official, non-military organization not under the direct control of the military commander. The rapid growth of shares and loans, particularly military loans, convinced them of the value of the credit union and the unique services that it can provide both for civilian and military personnel. Military personnel are usually strangers in the community, and, therefore, they have no established credit as far as commercial credit facilities are concerned. It is sometimes difficult for them to finance purchases except at exorbitant rates of interest; and many of their financial problems are not of the type which military relief agencies are authorized to handle.

It doesn't matter, says Mr. Block, whether the civilians or the military take the lead in establishing a credit union at a military installation, but the close cooperation of both civilian and military is vital to success. The close contact of civilians and military members of credit union committees is also a contribution to closer day-to-day relationships in their assigned jobs at the military installation. Credit union membership, work and cooperation stimulates the team spirit and helps everybody.

The pay allotments for military personnel, which are mentioned by Marx J. Block of Fort Holabird in this interesting article, were authorized just over two years ago. Hence it is important that all credit unions know about them.

They are known as Class E allotments. Credit unions were named specifically in the Department of Defense Directive No. 7330.1, dated January 19, 1954.

Section V, paragraph 5 provides: "Payment to a banking institution or association for credit to savings, checking, or trust account to the allotter without restriction as to the use of funds allotted, or for any bona fide forms of savings including contributions to a retirement or accumulation fund. The latter may include, but is not limited to, federal savings and loan associations, state building and loan associations, the postal savings system, credit unions, and individuals. No more than one such allotment shall be allowed for any service member."

Many credit unions, both military and civilian, have used this allotment with great success for members in military service.

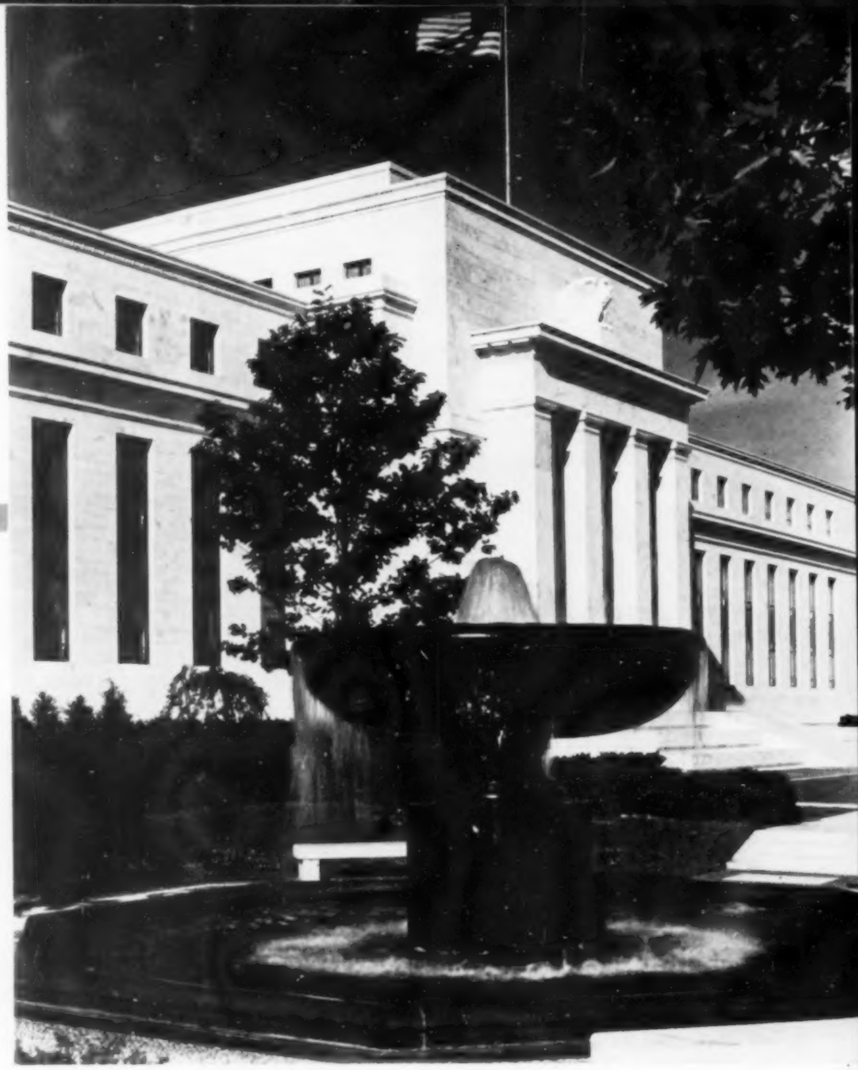
Start planning now

for the biggest CREDIT UNION DAY

you ever had

THURSDAY, OCTOBER 18, is the day

SPECIAL REPORT



One of the quietest buildings in Washington, the Federal Reserve Building today is a storm center for those who believe desperately in the cause of stable money — or desperately in the cause of easy credit

A LONG debate is under way, revolving around the question whether the Federal Reserve Board should be given permanent authority to fix terms for consumer credit.

At the present time, the Federal Reserve Board is sponsoring a massive study of consumer credit. A report will be published early in 1957. Possibly it will come up with some new answers to the two questions that are being asked:

• Is consumer credit inflationary?

• Does heavy competition, such as exists in the automobile business, lead to selling products on too long terms, and does this tie people up in monthly payments to such an extent that a depression may result?

Oddly enough, there is a great deal of pressure at the moment for controls on consumer credit, while at the same time there seems to be wide disagreement on just how important consumer credit is as an influence on the ups and downs of business. Nobody really knows how dangerous it is for auto dealers to sell cars on a 30-month or 36-month basis. Nobody knows whether a large amount of consumer credit outstanding tends to push up consumer prices. Why the pressure for controls?

Probably the answer is that the Republican Party is looking for some way of keeping business conditions on an even keel without getting into the types of controls considered New Dealish. Today, after four years under Eisenhower, the Republican Party has pretty generally accepted the idea that the Federal government has to take some responsibility for business conditions. At the same time, the vast majority of Republicans detest such devices as price controls, rationing, production quotas and steeply graduated taxes associated with the Roosevelt and Truman administrations. Republicans would like to find ways of preventing wild fluctuations in business and employment that are indirect, subtle and cheap. Controls on consumer credit to some extent look like one of the answers. They also, as some Democratic critics point out, have something in common with the sales tax—they hit middle and lower income groups harder than they hit the upper income group.

However, there is no doubt that if the Federal Reserve can make a case

Will the Federal Reserve Board get
PERMANENT CONTROLS
over installment credit?

for moderate controls as a way of avoiding the kind of unemployment that has troubled the auto centers of Michigan and Indiana this year, both Democrats and Republicans will study it with interest.

Three times since 1940, Congress voted the Federal Reserve Board temporary authority to control minimum down payments and maximum repayment periods. Efforts of the Board to get this power on a permanent basis were rejected. Now the Eisenhower Administration has decided to make a thorough reappraisal.

President asks for study

In his Economic Report to the nation in January, President Eisenhower indicated that there were two sides to the question. "The development of consumer credit has been highly beneficial to our economy," he said. "However, it sometimes accentuates movements in the buying of consumer goods. Although present conditions do not call for the use of any authority to regulate the terms of installment credit, this is a good time for Congress and the executive branch to study the problem."

Before any Congressional committee could get a study organized, the Federal Reserve Board announced that it had one under way. Here are the five major parts of the study:

1. A national survey of a representative sample of new car buyers in 1954 and 1955, to provide a comprehensive picture of the part played by installment credit in new car purchases.

2. A national survey of new and used car dealers, to develop information about their problems and practices in financing customers, in placing financing paper acquired in sales transactions, in obtaining financing terms appropriate to the needs of individual customers, and in financing inventories.

3. A compilation of the views of the consumer credit industry and others interested in consumer credit. This, presumably, is where credit unions come in.

4. An analysis by university specialists of the data acquired, in order to establish a basis for public policy in the field of consumer credit.

5. A study by the Federal Reserve Board's staff of the history and experience with consumer credit regulations, both in the United States and abroad.

The survey of new car buyers is being handled by commercial research organizations—National Analysts, Inc., of Philadelphia; Retail Credit Co., Atlanta; R. L. Polk and Co., Detroit. New car buyers across the country are to be interviewed, providing a comprehensive statistical picture of the part played by credit in the tremendous sale of new cars in 1955.

The survey of new and used car dealers will be handled by a committee of Federal Reserve Bank personnel, headed by George W. Mitchell, vice president in charge of research at the Federal Reserve Bank of Chicago. The canvass of the consumer credit industry is being carried out under the supervision of George D. Bailey, senior partner of the public accounting firm of Touche, Niven, Bailey and Smart, Detroit. The conference of university specialists will be conducted under the auspices of the National Bureau for Economic Research, which issued late in the 1930's the only broad study ever made of the leading consumer credit agencies.

In its report, the Federal Reserve Board will state its case for controls, spell out the range of credit transactions that should be covered, and name the agency that should administer them. Some of the answers are not too hard to guess even now. But the details will be of great interest, since the postwar expansion of consumer credit has discredited a lot of the theories of the 1920's and 1930's.

At this point, it should be emphasized that nothing drastic is expected. As far as credit unions are concerned, the chances are that any regulations laid down will hardly affect credit union lending practices. There is, of course, a large group of credit unions that are too small to make loans for new cars. But among those that *do* lend for new cars, it would be hard to find any that are lending for foolishly long periods of time. The competitive urge that prods auto dealers and sales finance companies into competitive extension of rates, does not operate on credit union credit committees.

Congress will go slow

But there are other reasons, more general in nature, why the Federal Reserve Board is unlikely to get or exert drastic power. One is that Congress is reluctant to give permanent restrictive power to any government agency except in dire emergency.

The seven Governors of the Federal Reserve System (left to right) are William McChesney Martin, Jr., chairman, who first became a public figure as president of the New York Stock Exchange at the age of 32; Charles N. Shepardson, who was Dean of Agriculture at Texas A. and M. when appointed to the Board; C. Canby Balderston, formerly Dean of the Wharton School of Finance and author of books on profit sharing; Abbot Low Mills, Jr., president of the First National Bank of Portland, Oregon; James Kimble Vardaman, Jr., a banker and naval officer, once naval aide to President Roosevelt; M. S. Szymczak, former building and loan executive, once comptroller of the City of Chicago, first appointed to the Federal Reserve Board in 1933; James Louis Robertson, an attorney, once a special agent of the FBI, long employed in the office of the Comptroller of the Currency.

Another is, that while bankers and economists will frequently be heard arguing in favor of credit regulation, businessmen generally are quite solidly lined up against it. A third is the modest and open-minded attitude of the chairman of the Federal Reserve Board, who frankly admits that he doesn't really know how installment credit should be measured or harnessed.

William McChesney Martin, Federal Reserve chairman, is one of the best-liked men in Washington. He was appointed to the board by President Truman and became chairman under President Eisenhower. He is a rare example of a man of principle who gets along with just about everybody. Perhaps this is because one of his principles seems to be to look at both sides of each question.

Martin has compared the Federal Reserve's duties with respect to credit to the heating and cooling plant of a modern house. It is supposed to provide, he said, "an atmosphere conducive to health and comfortable for all—except, perhaps, those who are frozen or feverish." Just as 167 million Americans could never agree on an ideal temperature for a home, neither can they agree on ideal credit conditions at any particular moment, he said. "In each instance, there are some who like things hot and some who like them cold."

For the household and the economy alike, Martin said, there is one fundamental principle that seems to apply. "Moderate temperatures, in a fairly even range, are preferable and healthier for almost everyone concerned, rather than sharp swings to the respective extremes."

The Federal Reserve Board is supposed to be a counterforce against the chills of deflation and the fevers of inflation, as Martin described it. Of course, he said, it is pleasant to have weather when you can go without heating or cooling the house, and it is important to avoid running the furnace during a hot spell or the cooler during a freeze.

This makes a simple, graphic picture of the Federal Reserve Board's responsibilities, but it breaks down immediately, as Martin admits, when you start looking for the thermostat. There isn't any. Nobody has devised a method yet which will automatically tell the money-managers how much is too much, or how little is too little. The Federal Reserve Board has done a great deal of pioneering work in recent years collecting statistics on consumer credit as well as statistics on the economy as a whole. Yet applying statistics to the future remains an art rather than a science, because after you have measured the economy in every conceivable way you still have to guess how people are going to behave.

Martin looks at 1952

At an earlier hearing, back in February, Martin said he wasn't sure where he stood. He said he welcomed the President's proposal for a full study of the problem, from the point of view of "one who believes you get the maximum from the economy by having a minimum of rules and regulations." But he said he was "bothered" by the rapid increase in consumer credit during 1952 and the subsequent "inventory recession." He was not sure whether credit terms or volume were improper or excessive during 1952, but thought a study might be appropriate. "I can make an awfully good case in my own mind," he said, "for the usefulness of this control if it is timed properly, as a supplement to general controls. But the question of whether we are wise enough to time it properly, is one that I don't blame you for having some lack of confidence in."

He added, however, that the administration of consumer credit controls is probably no more delicate and difficult than the other credit and monetary responsibilities which the Federal Reserve System was created to administer.

As a matter of fact, the experience of the Federal Reserve people with credit controls has been more pleasant than otherwise. On an emergency and temporary basis, the Federal Reserve has now had almost a dozen years of practical experience with Regulation W. Regulation W was first promulgated in 1941, eased in 1947, lifted in 1949, restored as an amendment to the Defense Production Act in 1952, and lifted again in 1953. The Regulation was more complicated during World War II than later. During the Korean War period, steps were taken to simplify it. In particular, many "soft goods" were removed from the Regulation, which became primarily a means of curbing demand for automobiles and other "hard goods."

Enforcement of Regulation W proved to be exceedingly simple. Over 40,000 lenders and 170,000 vendors were licensed. Actual supervision was vested in the 12 Regional Reserve Banks, aided by such specialized agencies as the Bureau of Federal Credit Unions, Farm Credit Administration and state agencies. The Regulation W enforcement staff numbered only 110, and the enforcement budget was less than $500,000 a year.

The almost perfect compliance that

existed during World War II can be explained partly by patriotic motives, but investigations showed good compliance also during the Korean mobilization despite far more competitive market conditions. Of nearly 100,000 lenders and vendors examined, only 150 cases were referred to the Board for action.

Credit unions, however, found Regulation W a trying experience during World War II and only learned to live with credit controls during the Korean episode. Managed and operated mainly by volunteer officers and committees, the wartime credit unions found the mass of paperwork required by the Regulation bewildering and stifling. Some credit unions discontinued making the loans covered by the Regulation in order to avoid the extra work. Some out of patriotic zeal tightened up credit terms far beyond the Federal Reserve requirements. Credit union loan balances dropped rapidly, and by 1944 had reached a figure about 50 percent of the 1941 level. A Federal Reserve official, startled by the credit union movement's reaction, passed the word along that credit unions were going too far.

Were conditions to blame?

However, in retrospect it does not look as if Regulation W can be blamed for all, or even most, of the troubles credit unions had during World War II. Loan balances dropped probably more as a result of the scarcity of automobiles and appliances than as a result of stricter lending policies. Many credit unions went into a kind of hibernation, or liquidated altogether, because the labor turnover in certain industries was so high that it was hard to find people to serve on boards and committees. Members were placing their savings mainly in Defense Bonds, and loan volume was sharply off. A feeling grew in some quarters that credit union service was not very important.

On the other hand, many credit unions continued to give their members whatever service they needed. Particularly in credit unions that had always made a large volume of remedial and debt-consolidation loans, the tempo of the credit union was not too much affected. Looking again at the war-time statistics, it is interesting to note that the personal loans of commercial banks and the loan balances of sales finance companies both dropped more sharply than credit union outstandings.

Korea was better

The controls of the Korean war period were felt much less heavily. By this time, there were many more credit unions and many more big ones with paid employees. Also, the leagues and the Credit Union National Association had more manpower in the field to help credit unions work out procedures. There was nothing like the labor turnover of World War II in non-defense industries — and nothing like the wartime shortage of consumer goods. The paperwork again proved a headache to volunteer officers, to whom credit union work was a spare-time chore; but the actual business record of credit unions during the period was good. Loan balances of credit unions continued to advance gradually throughout the period, even though commercial banks, furniture dealers and appliance dealers took a drop in 1951.

Hence it may be forecast that if some form of permanent regulation comes, the chief damage it will do will be to pile up more work for spare-time officers. The credit union movement will have to find ways to lighten this load as much as possible. In a business sense, credit unions are not likely to suffer much.

When the Federal Reserve Board undertook its current study of consumer credit, it was at the request of the President's Council of Economic Advisers. Arthur F. Burns, the noted economist who is chairman of the group, made the request in a letter, which specified some of the questions he hoped the Board would study. Among them were these:

- what part installment credit plays in the fluctuations of major consumer industries, and of the economy as a whole
- what effects permanent controls on installment credit would have on the stability of the economy
- what effects they would have on the welfare of individuals and families, especially in the lower income groups
- what effects they would have on the development of new products and services.

These are sweeping questions, and they indicate that consumer credit is being regarded with growing respect. It is twenty years since an economist tried to answer such questions; his name was Rolfe Nugent, and he is well remembered in the credit union movement because he was active in the New York Credit Union League for many years. As the Russell Sage Foundation's expert on consumer credit, he did much of the pioneer work in consumer credit statistics before the Federal Reserve staff took over. Nugent's view of installment credit, reduced to a sentence, was that borrowing tends to increase sales

and prosperity during upswings, and to reduce purchasing power and deepen recessions on the downswing. This provided the philosophy on which the first Regulation W was based.

In the twenty years since Nugent's book was published, however, there has been a lot of hard thinking going on. It has begun to look to most economists as if installment credit plays a dynamic role over a long period, more than counterbalancing any short-term depressing effect it might have during a recession. Installment credit is being appraised as a constructive force in the development of the auto and appliance industries. More than that, consumers who borrow are gradually getting a good reputation for the judgment with which they handle credit—it is beginning to be realized that they are not wild and irresponsible borrowers, but generally careful and trustworthy. Federal Reserve consumer finance surveys, showing that most consumer debt matures in less than a year, have done a good deal to cut down on fears of the long-term depressing effects of indebtedness.

Who's got the answers?

Hence the simple, mechanical formula of Nugent and the old-time moral disapproval of borrowing that permeated the writings of earlier economists, have now pretty much disappeared. But no one has come forward with any new analysis to replace Nugent, or even any modernization of the thrifty philosophy of Benjamin Franklin. Actually, consumer credit has become one of the marvels of the business world, and nobody quite knows what to make of it.

So at present the argument stays far away from theory. Strictly practical points are made: Consumers know what they're doing. Collections are easy right now—or they're hard right now. Don't monkey with the buzz saw.

Among those who oppose the idea of permanent controls is the most influential member of the President's Cabinet, Secretary of the Treasury George Humphrey, a former financial executive and steel man. "I think you take a tremendous responsibility," said Humphrey recently before a congressional committee, "when you tell the 167 million people of this country they can't do something, they can't buy something, or they have over-extended their credit." Temporary controls might be justified in an emergency, he conceded, but "when a law of that kind is on the books and it is in somebody's discretion to use it, it is narrowing the discretion of who may use it. If the law is not on the books, it takes the discretion of the whole Congress, with hearings and everything else, and there is an opportunity to decide whether or not it shall be done."

Here, basically, is the whole issue. Shall Congress be given the job of regulating consumer credit, or shall some agency be given the job independent to a greater or lesser extent of political pressures? This is a problem that runs throughout the history of the United States, and it will probably always be an issue.

Federal Reserve chairman Martin, for one, has no doubt that it is better to act through an agency that does not have to stand inspection every morning before a congressional committee. In June, Martin was invited to appear before a congressional subcommittee and explain how the Federal Reserve Board arrives at a decision to tighten or loosen credit controls. The subcommittee turned out to consist entirely of Congressman Wright Patman of Texas, a pleasant Democrat who is earnestly devoted to the cause of easy credit. Martin made his point of view unmistakably clear; he does not think the Federal Reserve Board should tell Congress or the general public what it is going to do before it does it.

Must act in privacy

"Under circumstances of diverse trends," he said, "hesitancy and delay in taking monetary action might result if those responsible for taking action were expected to explain publicly any given step of a continuing or changing pattern. The annual reports to Congress required by law are sufficiently removed from the time the various actions are taken to afford a broader perspective as to their wisdom or lack of it." In other words, it is for the Federal Reserve Board to make up its own mind and take action; it is for Congress in the wisdom of its hindsight to approve or disapprove after the fact.

The Federal Reserve System was set up in this peculiar relationship to Congress deliberately. How to set up a Central Bank is a problem that produced some of the great political feuds of early American history. It is a problem that was settled for a while by Andrew Jackson, who managed to eliminate the central bank of his period completely. From the time of Jackson until 1913 there was no central banking system in the United States.

The money panics that occurred in the absence of central banking proved to be at least as severe as the money panics that had occurred before. By 1907, it was abundantly clear that something new had to be done to stabilize the supply of money, and under President Woodrow Wilson the Federal Reserve System was created.

No dealings with public

It was not exactly a central bank. It was a network of regional banks, each of which had some local autonomy but all of which were federated in a central organization created by and responsible to Congress. It was forbidden to deal with the public, thus eliminating some of the abuses that had infuriated Andrew Jackson and his followers. It was to be owned by the member banks, but only three of its nine directors were to be bankers—the rest were to represent segments of the borrowing public. It was to have its own income, derived from its own operations; hence it was independent of Congress in the sense that it did not depend on Congress for an annual appropriation.

At the present time, the Federal Reserve Board has several methods of influencing the volume of credit, whether for business expansion, for stock market speculation, for home financing or for consumer goods. Each of its methods of loosening or tightening the flow of credit will produce certain fairly predictable results.

But consumer installment credit is a strange animal, because consumers don't think like bankers or businessmen. The consumer doesn't usually compare costs—he simply asks himself, "Can I afford the monthly payments?" He also, according to business economists, is the guy who decides whether we are going to have prosperity or depression. He also votes in large quantities.

This explains why the Federal Reserve people are interested in having special controls over consumer credit, and why it is a touchy question.

What about it?

Loans To Co-makers

What is the general credit union policy concerning a loan to a member who is a co-maker of a credit union loan for another member?—*James J. Brennan, New York, New York.*

ANSWER:

The credit committee should consider each borrowing member on his own merits.

Is the co-maker of good character? Does he possess the ability to repay his obligations as borrower and co-maker of both loans if the borrower fails to do so?

The credit committee should not permit members to assume contingent liability as co-makers beyond any reasonable capacity to repay. In fact, the credit committee has a definite responsibility to restrain certain members who have a weakness for signing and becoming everybody's co-maker.

For the convenience of the credit committee some credit unions, especially large ones, find it necessary to record contingent liability for each member on loose leaf cards that are at all times conveniently available to the credit committee.

Sometimes two or three members agree to act as co-makers for one another. "You sign for me and I'll sign for you" is the proposition. This arrangement is known as a "merry-go-round" or "round robin" of credit responsibility. Credit committees should carefully watch this arrangement so that it does not assume unsound proportions.

Co-Maker Liability

By having 25 co-signers does the member spread liability for his note or is each member fully responsible for the entire amount of the note?

ANSWER:

By obtaining numerous co-signers the credit committee is in effect obtaining more security. However, each co-signer is liable for the full amount of the note. If the member defaults, arrangements can be made whereby a portion of the total sum owed may be paid by each co-signer. This is at the discretion of the board of directors when collecting a bad loan.

Life Savings Claims

If an amount is deducted through payroll for the credit union prior to the time that a member discontinued work for disability, but which had not reached the credit union by the time he quit work for disability—would this amount be covered by Life Savings insurance?

ANSWER:

CUNA Mutual Insurance Society takes the position that authorization on the part of a member to have an amount deducted from his payroll to be transmitted to the credit union is the same as a person actually physically transacting that business at the credit union office on the day the payroll transaction took place. This would mean that the amount deducted prior to the disability of the member from his payroll department to the credit union would be insurable under the life savings contract. This being the case, if a member authorized a payroll deduction for payment on his loan, the amount deducted but not transmitted to the credit union would still be considered paid to the credit union when it came to settlement of a Loan Protection claim.

Life Savings Coverage

If an individual member of three credit unions dies under the age of 55 years with savings of $1,000 in each of the three credit unions, will his beneficiary be entitled to receive $1,000 insurance from each credit union, that is, a total of $3,000 insurance plus $3,000 savings, $6,000 in all?—*J. J. MacMillan, Charlottetown, Prince Edward Island.*

ANSWER:

If a member belongs to three credit unions and each of the credit unions has been issued the life savings contract, that member would then have insurance coverage in all three credit unions providing all the physical requirements of the contract are met. If he had $1,000 in each credit union, which money was deposited before he was 55 years of age, and assuming that the life savings contracts were in force prior to the member reaching age 55, then he would have $3,000 of insurance coverage. In addition, he would also have $3,000 of savings.

Continuing Coverage

I am a member of a liquidating credit union. I am now 63 years of age but have saved $1,000 before reaching the age 55. May I continue my Life Savings Insurance?

ANSWER:

Yes. The member can continue his $1,000 of insurance coverage in either of the following ways:

1. By becoming a member of some other credit union which has a Life Savings contract. CUNA Mutual Insurance Society will allow a member to transfer his shares from one credit union to another without losing any insurance coverage. The transfer should be made within the same month and the new credit union should receive a transcript of the member's records from the old credit union. These records should become a part of the member's records in the new credit union.

2. By taking advantage of the conversion provisions under the Life Savings contract the member can convert the amount of coverage he has under the Life Savings contract to Ordinary Life insurance without a medical examination. The premium is then paid by the member and is based on his age as of the date of conversion. Anyone desiring to convert his coverage under the Life Savings contract should contact CUNA Mutual for the necessary forms to be completed.

Open and Closed Accounts

As a treasurer of a Federal credit union, should I prepare a list of new members and those who have withdrawn their accounts at the close of each month?

ANSWER:

The answer to your question comes from the Accounting Manual for Federal Credit Unions, page 27. "Promptly at the close of each month, a list of all new accounts opened and all accounts which were closed during the month should be prepared. The original list should be submitted to the president for use of the board of directors. A duplicate copy should be given to the chairman of the Supervisory Committee while a triplicate copy should be retained as part of the treasurer's records. A list of new accounts should include member's book number, name, and his share and loan balances at the end of the month. The closed account list should include the member's book number, name and share and loan balances just prior to withdrawal or transfer from shares to loans which resulted in the closing of the account."

Under 5 Years Old

My son is 6 months old and is a member of the Printer Credit Union and has $1,000 in his share account. I would like to know if he is fully covered by the CUNA Mutual insurance contract. If not, at what age does he receive full coverage?—*Robert Leduc, Ville St. Michel, Quebec.*

ANSWER:

You are referring, of course, to coverage under Life Savings Insurance. Since you live in Canada, your son will not be fully covered until he is five years old.

Under the insurance laws of Canada, insurance benefits for juveniles are granted according to the following table:

$200 if the insured dies under the age of 1 year
$400 if the insured dies under the age of 2 years
$600 if the insured dies under the age of 3 years
$800 if the insured dies under the age of 4 years
$1,000 if the insured dies under the age of 5 years

Since your son is 6 months old, if he were to die before reaching 1 year of age there would be only $200 of coverage. When he reaches 5 years, he will then be insured for the full $1,000.

This differs from the situation in the United States, where a child is covered 25 percent up to the age of 6 months but fully thereafter.

Bank Reconcilement

Why is it necessary to prepare a bank reconcilement each month if I keep the cash reconciled on my check stubs?

ANSWER:

A credit union should reconcile a bank account every month, promptly upon receipt of the bank statement and cancelled checks, in order to be certain that no errors have been made, either by the bank or the credit union. The reconcilement should be signed by the person making the reconcilement and filed with the other permanent records of the credit union. These bank reconcilements should be checked and will be of assistance to the supervisory committee in auditing the books and records of the credit union.

Officer's Spouse

A director and her husband have a joint account. While the director holds office, it is not possible for her to borrow in excess of the joint shareholdings. Is it possible for the husband to take out a loan in excess of the shareholdings? — *Ruth C. Price, Middle Grove, New York.*

ANSWER:

Yes, he may. In the instance which you mentioned, the wife is a member of the board of directors of the credit union. Her husband is not an official of the credit union. It would, therefore, be possible, if the husband is gainfully employed or has an income in his own right, with capabilities of paying the loan, to borrow as a joint member of the credit union, in excess of his shareholdings.

It should be noted that the husband is in the field of membership and a joint member. That is, he has paid his 25c entrance fee making him a full member with all rights to vote and borrow.

Prepaid Premiums

When can a credit union prepay premiums on Loan Protection and Life Savings contracts?

ANSWER:

This method of premium payment can be recommended to newly organized credit unions in order to defray the cost of writing individual checks each month, until such time as the total premium due on one report of coverage has increased to the point where a single check is warranted.

Other group policyholders may use this procedure at their own option. It appears, however, that the majority prefer to submit a check each month so their operating statements will show a true picture of current expenses.

Let us outline the advance payment procedure. When such a check is received in the CUNA Mutual Insurance Society, it is posted as a credit to the credit union's ledger record. Then, as the reports are received each month, the premium due is subtracted from the credit balance, and the receipt issued indicates the balance remaining.

Prepaying During Vacation

If a credit union suspends operations for a short period of time because of vacations, etc., can they prepay premiums?

ANSWER:

It is preferable in these cases for the credit unions to send in reports of coverage for the period involved based on (1) estimated loans and savings balances, or (2) the balances shown on the last financial statement compiled, along with a check to cover the total premium as computed on these advance reports.

from the Managing Director

Democracy and the Credit Union

THE credit union movement was established more than one hundred years ago as a democratic movement. To remain a vigorous movement, it is essential that it remain democratic. As a democratic movement, it must continually bring to the top self-reliant, inventive, independent individuals as a protection against the encroachment of deadening conformity.

From the standpoint of government, we should first get into mind a clear definition of Democracy.

- Democracy means mass participation.
- It respects the personality of every individual.
- It insures a sense of security.
- It protects against exploitation by special privilege and power.
- It allows every individual to make the most of his natural gifts.
- It appeals to reason rather than force to secure its ends.
- It provides regulation to safeguard the rights of others.
- Democracy holds that the government derives its power from the consent of the governed.

If the Credit Union National Association is to remain democratic, the power must come up from the credit union members to the credit union board of directors, from the credit union board of directors to the league board of directors, from the league board of directors to the national board of directors. It is absolutely essential that the board of directors of the Credit Union National Association, through its duly elected executive committee, be free to elect a Managing Director who represents a genuinely democratic choice, rather than elect a Managing Director under the dictation of an affiliate. There is always serious danger of a democracy becoming an autocracy by encroachment, with the consent or indifference of the members of the democracy.

Some state credit union laws allow proxy voting in the credit union. This really encourages the busy or indifferent credit union member to stay away from the annual membership meeting. It allows the management to collect the proxies and continue the same board, committees and management in office, regardless of ability. We have some credit unions, not operating with proxies, that are actually afraid to hold large annual meetings for fear that the board, committees and management may be changed. These credit unions are satisfied with a bare quorum selected by management.

Other credit unions take advantage of the annual meeting to encourage member participation. Keeping a credit union democratic is a growing problem of large credit unions, where the membership runs into thousands. Continual advertising, an outside contact man, large educational committees, annual membership drives, and large annual meetings all help to solve this problem. We have an example in January, 1956, of a credit union of 6305 members, that had 4300 out to the annual membership meeting to listen to an hour's educational talk following the annual reports, which resulted in a tremendous growth in membership as well as shares and loans.

Let us all give our most serious attention to the problem of keeping the credit union movement democratic, at every level.

H. B. Yates

HERE'S YOUR CREDIT UNION DAY PROGRAM

from A to Z!

Thursday, October 18, is International Credit Union Day. Plan now to celebrate Credit Union Day in your community!

A *dvertisements, awards*
B *ox social, bazaar, buttons*
C *hurch services, coffee hour*
D *ances, dinners, displays*
E *ssay contests*
F *eature stories*
G *overnor's proclamation*
H *andbills*
I *nformation booth*
J *ingles*
K *ing's X*
L *etters, luncheons*
M *iss Credit Union contests*
N *ewspaper publicity*
O *pen house*
P *osters, parades, parties*
Q *uizzes*
R *adio programs*
S *peakers, school programs, square dances*
T *elevision programs*
U *nion publications*
V *olunteer organizers' awards*
W *omen's programs*
X *—see King's X!*
Y *ou can do it if you try!*
Z *ebras attract attention—so will good Credit Union Day publicity!*

FREE
Credit Union Day kit to help you

A big, fat folder of ideas, plans and materials to help you celebrate International Credit Union day. A copy has been mailed to each league and chapter. If you want one, just mail the coupon.

Public Relations Department
Credit Union National Association
Madison 1, Wisconsin Hamilton, Ontario

Please send free Credit Union Day kit to:

Name ....

Credit Union ....

Address ....

....

Twenty-five students arrive by plane for the beginning of the School for Credit Union Personnel in Madison, Wisconsin. Among them are students from the British West Indies and Hawaii. Total attendance of the school this year: 125.

Candidates for Graduation— Class of 1956 School for Credit Union Personnel

Alyward, Vincent—Oakland, Calif.
Barton, Miss Margaret E.—Cleveland, Ohio
Bell, Marvie L.—Greeley, Colo.
Bryan, David—Westminster, Colo.
Butler, Francis B.—St. Albans, Vt.
Culler, Duane G.—Fairborn, Ohio
Doublet, Emile G.—Honolulu, Hawaii
Dredge, Mrs. Annie—Calgary, Alberta
Dunne, Lawrence M.—Davenport, Iowa
Edmond, Harold I.—Westerly, R.I.
Filley, Miss Doris M.—Cleveland, Ohio
Griffin, Joseph H.—Youngwood, Pa.
Herschleb, John—Madison, Wis.
Hills, W. Cree—Salt Lake City, Utah
Hofland, Donald L.—Jamestown, N.D.
Jordan, Alvin W.—Des Moines, Iowa
Kennerly, Huvil E.—Taylorville, Ill.
Kent, Jack L.—Pleasant Hill, Calif.
Kingsbury, Miss Mildred L.—White River Junction, Vt.
Kneebone, Robert W.—Madison, Wis.
Lachapelle, Rene—Montreal, Quebec
Modley, Rudolf—Washington, D.C.
Moore, George O.—Livingston, Mont.
Mulrooney, Leo—Madison, Wis.
Perez, Miss Maria G.—New York, N.Y.
Quinn, Thomas V.—Fairfield, Conn.
Rodriguez, Miss Angelita—Hato Rey, P.R.
Rowley, Mrs. Velma G.—Washington, D.C.
Stahl, Fred—St. Paul, Minn.
Taylor, Cecil W.—Decatur, Ill.
Taylor, James R.—Great Falls, Mont.
Watt, Robert W.—Alliance, Neb.
White, Mrs. Ella—Ft. William, Ont.
Williams, Bill P.—Granite City, Ill.
Yates, James P.—Cambridge, Wis.

Class officers: Jack Kent, President; James P. Yates, Vice President; Velma G. Rowley, Secretary; Robert W. Kneebone, Treasurer; Rene LaChappelle, Sheriff; Alvin W. Jordan, Valedictorian.

Motto: "*To Serve Humanity with Humility.*"

Summer School Honors First Graduating Class

THIRTY-FIVE credit union career people from 22 credit union leagues were honored in Great Hall at the Memorial Union of the University of Wisconsin Friday night July 20. They are the first graduating class of the School for Credit Union Personnel.

Garbed in formal dress, they stepped up to the stage and, with traditional pomp and circumstance, were given their certificates of graduation by Dr. Ira L. Baldwin, vice-president of the University of Wisconsin.

At the ceremony and at the preceding dinner were families, friends, credit union leaders and undergraduate students in the school.

Earlier, the Dean of the School of Commerce, E. A. Gaumnitz, told the graduating seniors and others assembled that "the success of your movement depends to a large extent on how well you train yourself for assuming leadership and responsibility. Having successfully completed this three year training course, you are now in a fine position to assume these roles of leadership."

Besides Dean Gaumnitz, principal speakers at the graduation were Melvin H. Widerman, president of the Credit Union National Association, and the class valedictorian. The invocation was given by the Rev. Alfred W. Swan, Madison Congregational minister. Charles G. Hyland, CUNA comptroller, was toastmaster.

Honorary guests invited to the graduation were H. B. Yates, Managing Director of CUNA; Gurden P. Farr, President of the CUNA Mutual Insurance Society; Leonard R. Nixon, President of CUNA Supply Cooperative; J. Deane Gannon, director of the Bureau of Federal Credit Unions; F. H. Elwell, Dean Emeritus of the Wisconsin School of Commerce; C. F. Eikel, Managing Director of the CUNA Mutual Insurance Society and chairman of the school committee; and F. L. Andrews, President of the National Association of Managing Directors.

The graduation was the culmination of three years of intensive study and practical experience by the 35 graduates. This last summer session particularly brought to light the students' previous study and experience, through a series of workshops, panels and open discussions. Earlier sessions had been largely classroom lectures.

While, for many, the graduation marked the close of their formal credit union career training, there was no air of finality. Rather, there was a feeling that this is just the beginning—the beginning for a school that is pioneering in a pioneering movement, the beginning of a means for formally training the thousands of credit union people yet to come, and the beginning too, for the graduates who now will go back to their leagues, chapters, and credit unions to lead and train, and to "Serve Humanity With Humility."

....in your members' living rooms

BIG *financial decisions are made!*

If you want the credit union to be included in family discussions, FAMILY Credit Union DIGEST will get you there!

FAMILY Credit Union DIGEST takes the credit union story into your members' homes. Every month you can tell each family how to make better use of the credit union. You can get husband and wife talking the same language when they talk about money.

FAMILY Credit Union DIGEST is printed each month as a page in the Credit Union Bridge. You can buy this page in reprint form, as a single-sheet fact-crammed educational piece. It may be ordered in any quantity, at 2 cents a copy.

7 ways to use FAMILY Credit Union DIGEST

There are many ways a credit union can distribute FAMILY Credit Union DIGEST. It is suitable for credit unions with plenty to spend for education and credit unions that don't have so much.

CREDIT UNION BRIDGE
Box 431, Madison, Wis.

Please send us..........................copies of FAMILY Credit Union DIGEST each month at 2 cents a copy Keep it coming until further notice or for..........................months.

Name..

Credit Union..

Address...

....

1 — You can mail it to all members and prospective members.

2 — Or, to cut postage costs while taking advantage of home delivery, you can mail it to half your membership each month or to all your members on alternate months.

3 — You can hand it out to members who enter the credit union office.

4 — You can distribute it from tables, racks or counters in the office or around the plant or area.

5 — You can use it as a stuffer in regular mail, such as your news bulletin, financial statement or announcement of the annual meeting.

6 — You can distribute it at meetings.

7 — You can arrange to have it mailed with the company house organ.

Send the coupon today

AUTO LAYOFFS

(Continued from page 1)

ability to make the loans. At Chief Pontiac Federal Credit Union (Pontiac Motor in Pontiac), Fran Schneider reports savings down 40 per cent from last year's $1,000,000 increase. His credit union reports greater loan repayments than new loans for the first time in its history.

As would be expected, delinquency is rising in these credit unions. Ford Rouge reports a $100,000 increase in delinquent accounts in the two to six-month category, Chief Pontiac a jump from 4 to 7 per cent delinquency, Flint Buick 7/10 of 1 per cent in May. All credit unions checked reported extensive efforts to assist the unemployed member maintain a current status on his loan. Members are asked to keep in touch with the credit union to pay interest and part of the principal if possible. Chief Pontiac has eased up on collections for the last two months. Schneider reports that members are being given permission to take cars out of the state where the credit union has a chattel mortgage. At Dodge Main, Nelson Card said, "We work with the members, process extension agreements where necessary, and try to help them through this period."

In the Local 724 Federal Credit Union of Lansing, treasurer Ken McCreedy has developed a plan to help tide over his unemployed members. This plan based on the share loan idea, provides a supplement to unemployment compensation. Under the plan the credit union will lend to an unemployed member and deposit the proceeds of the loan in his share account. The member can withdraw from the share account a specified amount weekly. The amount to be withdrawn will vary from a minimum of $10.00 per week to a maximum of 50 per cent of the unemployment compensation to which he is entitled in Michigan. The current maximum unemployment check is $54.00 per week. The plan is devised to permit the member to withdraw for a period up to twenty-six weeks. Repayment begins when the member returns to work. The credit union anticipates that the average period of unemployment will be approximately three months. "The plan is not designed," McCreedy said, "as a substitute for a decent unemployment benefit plan, but to provide funds at a time when it is most difficult for the member to get credit and to help bring him as close as possible to his usual take-home pay."

This year's widespread unemployment is attributed generally to overproduction in 1955, spurred on by tremendous competition in the industry. It presents an immediate and dramatic problem. Michigan credit unions are faced also with continuing problems resulting from the long-term competition in the industry. Competitors among the "independents" are having a difficult time. Ford, General Motors and Chrysler recently have eliminated some suppliers and now manufacture more of their own parts and supplies. Several big concerns like Kaiser Fraser, Murray Body and Wilson Foundry, as well as many smaller companies, have left the industry. In 1953 Kaiser Fraser was forced to close down its Michigan operation at a time when a $600,000 credit union, with 3,300 members, was operating among its employees. Little time for adjustment was available, since the plant was closed down on short notice.

Open charter wider

Michigan credit unions met this problem jointly through their League. The charter of the credit union was revised to admit residents of Wayne, a nearby town of 8,000 people, in addition to the old members. $250,000 of loans were purchased by League Creditors Service, the collection arm of the League. Cash needed to effect this purchase was provided by the investment of $150,000 in the stock of the collection agency by the state's credit unions. Freed of the harassment and expense of collecting the outstanding loans, the credit union was permitted to continue the constructive job of rebuilding in the new community. Today, three years later, 40 per cent of these Kaiser Fraser notes have been collected and the collection process is continuing.

This experience provided the beginning of the League Stabilization Fund. The fund was established by the delegates at the League's annual meeting in April, 1955. Credit unions forced to liquidate because of conditions over which they had no control, could sell their notes to the fund on terms mutually agreeable to these credit unions and the trustees of the fund. In all cases the credit union notes were purchased at a price which guaranteed the credit union 100 per cent payment to its shareholders. These shareholders received their money quickly, and the liquidation was speeded considerably. The purchased notes are turned over to League Creditors Service for collection. As the notes are collected, funds are returned to the stabilization fund, minus the collection costs. The fund has much of the nature of a revolving fund.

Through May 31, 1956, 19 credit unions were assisted in liquidation through this fund. Most dramatic was the Modern Globe Employees Federal Credit Union. When this fifty-year-old knitting mill near Grand Rapids was closed last winter, shareholders received their money just a couple of weeks before Christmas.

Michigan credit unions assess themselves ½ of 1 per cent of their gross income for this purpose. In 1955, $24,000 and in 1956, $60,000 were placed in the fund. From this fund, it is expected a complete and efficient plan will evolve to meet the emergencies created by current industry dislocations.

South Carolina small loan law sets new record for confused rates

THE state of South Carolina passed a small loan law in March that is guaranteed to throw borrowers into utter confusion.

For 25 years there have been efforts to get a small loan law passed in the state. Mostly these bills have died in committee.

The model (Russell Sage) small loan act is the act that has been passed in most states. It provides a straight 3 percent per month on unpaid balances, modified sometimes to 2½ or 2. This is the basis on which small loan companies usually do business, and whatever may be said

QUICK AS A WINK *(almost)*

Successful Credit Unions save time and money with a versatile Burroughs Sensimatic Accounting Machine that's easily adapted to any Credit Union accounting system.

FAST AND EASY . . . The Sensimatic handles *all* Credit Union accounting jobs quickly. It is so fast and simple that even inexperienced personnel can operate it efficiently. Members are pleased because they receive their dividends and statements *on time.*

VERSATILE . . . The Sensimatic posts share and loan ledgers with either passbook or statement, automatically calculates and posts paid-in shares, computes share months for dividend calculations. To convert to an adding-subtracting machine, just flick a key.

EFFICIENT . . . And best of all, the many Burroughs Sensimatic hour- and dollar-saving advantages can be yours *whatever* your special payroll or window accounting plan. Sensimatic forms are approved by the Bureau of Federal Credit Unions and the C.U.N.A.

"Burroughs" and "Sensimatic" are trademarks

WHEREVER THERE'S BUSINESS THERE'S

Burroughs

FREE—the coupon will bring you more information; or, for a demonstration (*without obligation*), call our nearest office . . . it's listed in your phone book.

BURROUGHS CORPORATION • Detroit 32, Michigan
(In Canada, Burroughs Adding Machine of Canada, Ltd., Windsor, Ont.)
Please send me a copy of the booklet, "For the First Time—Low-Cost Speed and Efficiency in Credit Union Accounting."

NAME ______

ADDRESS ______

CITY ______ ZONE ______ STATE ______

TITLE ______

CREDIT UNION ______ CU-92

against it, it is not misleading.

However, the Russell Sage law didn't get to first base in South Carolina. The law that passed, with the sponsorship of the South Carolina Small Loan Association, provides such a confusion of rates and fees that borrowers will be hard pressed to know whether they are being treated legally or illegally. The borrower is authorized to charge:

1. 6 percent interest on the first $200.
2. 7 percent interest on amounts over $200.
3. An additional 6 percent on the first $200, bearing no relation to the time-period. (This may be charged no oftener than once in 60 days.)
4. Further service charges of $1.75 per month or 45 cents per week.

Thus a borrower who borrows $50 for two months and pays it off in two equal installments can be charged $6.88. Figured as true interest, this is a rate of about 56 percent per annum. A borrower who refinances a $10 loan every two months without making any payment on the principal, will be charged $2.10 per month, or $25.20 per annum.

The law also authorizes the sale of insurance to cover the life of the borrower, his earning power and the property he pledges. In the case of property pledged as security, the lender is free to sell insurance for the full value of the property, regardless of the size of the loan. For example, on a $200 loan secured by a $1,000 car, the insurance could cover the full value of the car. The law provides no ceiling on insurance charges.

Leagues appoint new field men

WISCONSIN, Ontario and Utah added to their field staffs in June.


Zachariasen

Richard F. Zachariasen, joined the field force of tho Wisconsin Credit Union League on June 11. He is responsible for servicing credit unions in the southeastern part of the state.

Norman A. Corbett was appointed field representative for the Ontario Credit Union League effective July 1. He will work in the eastern part of the province, with headquarters in Ottawa.

Mr. Zachariasen became acquainted with credit unions while working for Lakeside Laboratories of Milwaukee. In 1954 the employees of the company organized their own credit union, and he was elected president. He served in this position continuously until his resignation this May.

Born in Milwaukee in 1926, Mr. Zachariasen is married, has three children and lives in Glendale, a Milwaukee suburb. He has served two years in the Air Force. His hobbies include do-it-yourself projects, woodworking, gardening, golfing, and fishing.

Mr. Corbett first became interested in credit unions upon joining the Ottawa Fire Department in December, 1947. Subsequently, he served as manager of Ottawa's Fire Fighters' Credit Union, manager of the Fire Fighters' Sick Benefit Fund, and a member of the bargaining committee of the Ottawa Fire Fighters' Association.


Corbett

Elected a league director early this year, he has resigned in order to take his new position.

Before his entering the Fire Department, Mr. Corbett served more than four years in the Canadian Army, mostly overseas. Upon his discharge from military service, he was employed by the Federal Department of Insurance in Ottawa.

A graduate of the Ottawa Collegiate School of Commerce, Mr. Corbett is 29 years old, married and the father of two children. His chief hobby is reading.

Louis S. Leatham has joined the Utah State Credit Union League, Inc., as a field man effective July 1. For the past five years he has served as Bank Commissioner of the State of Utah. This involved supervision of 125 state-chartered credit unions, as well as 260 other financial institutions.

In his youth, Mr. Leatham spent two years in Scotland and England as a "Mormon" missionary for the Church of Jesus Christ of Latter-Day Saints.


Leatham

During World War II he served in the Army in the European theater. After the War, with a colonel's commission, he served as Chief of the Financial Institutions Branch of the Military Government for Hesse, Germany. In this position he was responsible for supervising several hundred German credit unions.

He is married and has three children. His home is in Salt Lake City.

"Shares" or "Savings"?

To the Editor

I regret to say that I vigorously disagree with the article concerning "Savings Accounts" appearing in the June 1956 issue of Bridge.

The Federal Credit Union Act *does* mention "savings" in Section 1766 (e), where it refers to *cooperative savings.* Also Article 1, Section 2 of the Federal Credit Union uniform by-laws, which have the same effect as law, specifically points out "members accumulating their savings." Likewise, the New Jersey Credit Union Act and many other state laws contain statements including the word "savings," and in fact a number of states permit "deposits" in credit unions.

We have been most fortunate in the courts of law of many states that the word savings does appear. Otherwise credit unions would be subjected to many onerous and burdensome taxes, such as capital stock taxes, corporate franchise taxes, bank stock tax and the regulations of the Securities and Exchange Commission and the various securities regulatory bodies.

The credit union movement has been most successful in a number of test cases — namely, the Monticello, Eli Lilly, Central New Jersey Farmers and Wekearnyan Credit Union — in which cases the courts decided that savings in a credit union are

analagous to *savings in a mutual savings bank.*

When this matter came up several years ago, the credit union movement was very much interested in the Franklin National Bank case in New York, where the New York State Banking Department attempted to prevent the bank from using the term "savings." The decision was very explicit that a National Bank could not be restrained by the State Banking Association from using the word "savings."

Federal credit unions would definitely be protected by this decision, as well as the decisions in the early thirties.

Credit unions have always told their members that the words "shares" and "dividends" were used only to apportion earnings to the members, and were not meant to be shares in the usual sense.

I seriously doubt that "One vote per member" would survive if the concept of stock, as such, were permitted to creep into the movement. The fellow who puts five bucks or more in the credit union never intended to make a speculative investment, and at all times expects to get the money back that he places in custody of the credit union.

Emanuel A. Smith
Camden, New Jersey

FOUNDERS CLUB NEW MEMBERS

Since our last report the following new members have been admitted to the Founders Club:

Mr. Marlin J. Dean, Summerdale Federal Credit Union, Summerdale, Pennsylvania.

Mr. David Clark, Richland County Cooperators Federal Credit Union, Sidney, Montana.

Mr. George Corey, Munising Paper Products Credit Union, Munising, Michigan.

Mr. Clarence Gillespie, Ferndale Co-op Credit Union, Ferndale, Michigan.

Mr. Charles J. Harrington, Jr., Flint Buick Employees Federal Credit Union, Flint, Michigan.

Mrs. Lila Ray Harrison, Central Credit Union of San Diego, San Diego, California.

Mrs. Mildred Lambiotte, Solar Employees Federal Credit Union, San Diego, California.

Mr. John Davis, Camp Pendleton Federal Credit Union, Oceanside, California.

Mrs. Elizabeth White, Camp Pendleton Federal Credit Union, Oceanside, California.

Mr. Robert Saltzman, Arrow S Credit Union, East St. Louis, Illinois.

Miss Nellie Moser, Spicer's Federal Credit Union, West Toledo, Ohio.

Mr. Bertrend J. Shenk, St. Joseph Fremont Federal Credit Union, Fremont, Ohio.

Mr. E. Thomas Slonaker, Baltimore Transit Employees Credit Union, Baltimore 2, Maryland.

Mrs. Eva M. Sanderson, Corpus Christi Telco Federal Credit Union, Corpus Christi, Texas.

Mr. James Marrs, Victoria Civic Credit Union, Victoria, British Columbia.

Mr. Robert L. Hartmann, San Francisco Examiner Federal Credit Union, San Francisco, California.

Mr. William Downs, Kern County School Employees Federal Credit Union, Bakersfield, California.

Mrs. Charlotte Walrath, Sacramento U. S. Employees Federal Credit Union, Sacramento, California.

Mrs. Gertrude Lindsay, Union Oil Bakersfield Employees Federal Credit Union, Bakersfield, California.

Mr. Richard Dieringer, Dayton Firemen's Credit Union, Dayton, Ohio.

Mr. Charles F. Kincaid, St. Louis Teachers Credit Union, St. Louis, Missouri.

Mr. William H. Pfeifer, Line Material Employees Federal Credit Union, E. Stroudsburg, Pennsylvania.

Mr. Joseph Guinn, Hempstead Coop. Federal Credit Union, Hempstead, New York.

Mr. George Betts, Rock Island Postal Employees Credit Union, Rock Island, Illinois.

Mr. Harvey Bispham, S. P. Klamath Federal Credit Union, Klamath, Oregon.

Mr. Nat Rubin, Brooklyn Postal Employees Credit Union, Brooklyn, New York.

Mr. E. Dean Anderson, Portland Teachers Credit Union, Portland, Oregon.

Mr. Theodore A. Chastang, Friendly Credit Union, Mobile, Alabama.

Mr. Jack E. Pickett, Mills-Morris Employees Federal Credit Union, Memphis, Tennessee.

Mr. Victor Wemlinger, Ohio Central Credit Union, Inc., Columbus, Ohio.

Mrs. Marcile Plemons, Lakeland Florida City Employees Federal Credit Union, Lakeland, Florida.

Start planning

now

for the best

CREDIT UNION

DAY

you ever had!

Thursday,

October 18

is the day

COMING EVENTS

August 9—10:00 A.M. **Joint Meeting:** CUNA Executive Committee, CUNA Mutual Board, CUNA Supply Board, Madison, Wisconsin.

August 9—2:00 P.M. **CUNA Supply Board.**

August 10—10:00 A.M. **CUNA Mutual Board.**

August 11—9:00 A.M. **CUNA Executive Committee,** Loraine Hotel, Madison, Wisconsin.

September 14-15—**Wisconsin** Credit Union League annual meeting, Loraine Hotel, Madison, Wisconsin.

September 21-22—**Indiana** Credit Union League annual meeting, Claypool Hotel, Indianapolis, Indiana.

October 13—**Maine** Credit Union League annual meeting, Lewiston, Maine.

October 19-20—**Florida** Credit Union League annual meeting, Hillsborough Hotel, Tampa, Florida.

November — **California** Credit Union League annual meeting, San Jose, California.

November 15-16-17-18—**Missouri** Credit Union League annual meeting, Sheraton-Jefferson Hotel, Saint Louis, Missouri.

February 9, 1957—**Maryland** Credit Union League annual meeting, Lord Baltimore Hotel, Baltimore, Maryland.

February 28-March 1-2, 1957—**Ontario** Credit Union League annual meeting.

March 22-23, 1957—**Kentucky** Credit Union League annual meeting, Phoenix Hotel, Lexington, Kentucky.

March 23, 1957—**Rhode Island** Credit Union League annual meeting, Sheraton-Biltmore Hotel, Providence, Rhode Island.

April 5-6, 1957—**Virginia** Credit Union League annual meeting, Hotel Chamberlin, Old Point Comfort, Fort Monroe, Virginia.

April 5-6, 1957—**Nebraska** Credit Union League annual meeting, Paxton Hotel, Omaha, Nebraska.

April 5-6-7, 1957—**New Jersey** Credit Union League annual meeting, Traymore Hotel, Atlantic City, New Jersey.

April 12-13, 1957—**Illinois** Credit Union League annual meeting, Sherman Hotel, Chicago, Illinois.

April 12-13, 1957—**Georgia** Credit Union League annual meeting, Dinkler-Plaza Hotel, Atlanta, Georgia.

April 12-13-14, 1957—**Kansas** Credit Union League annual meeting, Town House Hotel, Kansas City, Kansas.

April 13, 1957—**Vermont** Credit Union League annual meeting, Pavilion Hotel, Montpelier, Vermont.

April 19-20, 1957—**Idaho** Credit Union League annual meeting, Hotel Boise, Boise, Idaho.

April 19-20, 1957—**South Dakota** Credit Union League annual meeting, Franklin Hotel, Deadwood, South Dakota.

April 25-26-27 — **Pennsylvania** Credit Union League annual meeting, Benjamin Franklin Hotel, Philadelphia, Pennsylvania.

April 26-27, 1957—**Mississippi** Credit Union League annual meeting, Rose Room, Heidelberg Hotel, Jackson, Mississippi.

April 26-27, 1957—**Massachusetts** CUNA Association annual meeting, Hotel Bancroft, Worcester, Massachusetts.

...REE

material explaining Life Savings Insurance to members will promote savings. Available only to credit unions in Life Savings program. Folder is yellow and black, tells main features of Life Savings Insurance. Three-color poster arouses curiosity, stimulates inquiries.

10 WAYS TO PROMOTE THRIFT!

1 Life Savings Insurance. Treasurers tell us that this is the most powerful tool for promoting savings that they know. The more you tell your members about it, the more effective it will be. Use the free poster and free folder offered on this page, also word-of-mouth and direct mail.

2 Regular advertising. Emergencies will bring you borrowers, but they won't bring you savers. You have to promote saving harder than loans. Encourage members to borrow rather than break up savings. If it is done right, promoting thrift will bring in more members and more loan applications, too.

3 Special savings accounts. Christmas clubs, Vacation clubs, Tax savings clubs — these gimmicks will induce some members to save who wouldn't save otherwise. They help establish the saving habit.

4 Children's accounts. Besides being a real help to the children, these small savings accounts help create a wholesome family attitude toward thrift. Highly recommended, appealing, easy to promote.

5 Savings reward plans. Some credit unions have experimented along these lines. Pontiac Motor Federal Credit Union used a wallet with coin-saver for members who promised to save $50 a year, got 1,719 new members!

6 Encouraging members to save while repaying loans. This wide-spread practice should be standard procedure for most credit unions. It is easy to say to a borrower when discussing payment, "Wouldn't you like to add a dollar to each payment to put into your share account?"

7 Payroll deduction. Not all credit unions have it, employers and employees don't always like it — but if you have it and circumstances are favorable, push it hard.

8 Tie-in with social security. Your members will appreciate any information you give them on how much social security income they can expect. It will encourage them to plan supplementary savings, might justify setting up a special savings program.

9 Tie-in with pension plan. Most company pension plans, even when added to social security, provide a bare minimum of retirement income. Especially where employees make no contribution, they are often glad to get into a supplementary retirement savings program. For certain credit unions, this is a real opportunity.

10 Give away dime savers or novelty banks. With your advertising and imprint, these do two jobs at once — promote your credit union and encourage thrift.

CUNA MUTUAL INSURANCE SOCIETY

Madison, Wisconsin or Hamilton, Ontario

Please send us........copies of the folder explaining Life Savings Insurance for distribution to our members.

Please send us........copies of the poster on Life Savings Insurance.

8-56

NAME..

CREDIT UNION..

ADDRESS..

....